



CALPEEK

CALIFORNIA POLITICAL WEEK

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VOL. XIX
No. 34

SEPT. 23, 2002

CAMPAIGN 2002: SIMON CAMPAIGN STILL HAS LONG WAY TO GO BEFORE IT CAN DRAW EVEN WITH DAVIS

Editor's note: On the day that *Calpeek* went to press, Sept. 12th, GOP gubernatorial candidate Bill Simon Jr. got some good news: Judge James Chalfant tossed out the \$78 million fraud verdict against Simon's firm in the Pacific Coin case. *Team Simon* immediately began to do *high fives* despite the fact that Simon still has a very long way to go before he can catch up to Demo Gov. Gray Davis. Here's our commentary and analysis...

...Was there any kind of a bump associated with this court reversal? If there was it was minor, but the reversal from early August seemed to put a bounce back in the steps of Calif. GOP insiders and definitely put a happy face ☺ on *Team Simon*, which has been down in the dumps ever since a jury voted 12-0 to award former drug dealer Paul Hinderlang \$78 million. But one should actually read Judge Chalfant's 36-page decision. It's not all one sided in favor of Simon. Simon & Sons wanted restitution of \$33 million from Hinderlang, but Chalfant said NO. In effect, the judge was saying NO to both sides. The case itself should have been put on hold until after the election and why Simon didn't ask for a continuance is still a mystery. Had the case been put on hold it's possible Simon would be locked in a pretty close contest because the negatives associated with the original verdict absolutely mashed Simon's fundraising efforts. Daily tracking polls by *Team Davis* show the Demo governor still holding a solid double-digit lead and Simon's fundraising is so iffy that his TV ad campaign is on-and-off. Mostly off. He just lent his campaign \$4 million...

...And now to make the situation even more difficult for Simon, the federal trial in DC opened on Sept. 17th – with Simon & Sons suing the U.S. government over the 1993 failure of Simon-owned Western Federal S&L in Marina Del Rey. Simon & Sons wants the government to return their investment of \$750 million. The feds are saying that the S&L failed because of Calif.'s poor economy and because the S&L was mismanaged. This was front page news in the Sacto BEE, which also noted one of the government's witnesses will be Gerald Parsky – a member of the operating

committee of the CA Republican Party and Pres. Bush's go-to guy here in Calif. Why is Parsky on the government's witness list? Does that mean he'll be trashing Simon? And remember: Parsky & Simon don't like each other...

...And there's even more trouble waters ahead. There's been rumors of *write-in* campaigns by former L.A. Mayor Richard Riordan and actor Arnold Schwarzenegger. The latest Field Poll threw in a question about a Riordan write-in and it wasn't good news for Simon. Riordan beats Simon, but loses to Davis (Davis 36, Riordan 24, Simon 19, others/undecided 21). Just the fact Mervin Field would even throw in such a question added some credibility to the write-in rumors. As for Schwarzenegger, according to Bill Bradley's column in *L.A. Weekly*, the actor's Prop. 49 campaign did a poll on the *After School initiative* and threw in a question about a write-in campaign for Arnold. As one GOP operative told *Calpeek*, "No one sensitive to the party base would ever put a write-in question in a poll of this sort." In case you'd forgotten, Schwarzenegger wants to run for governor in 2006. If Simon were to beat Davis Nov. 5th, Arnold can kiss his political career goodbye. In other words, the Arnold write-in poll was nothing but more GOP circular firing squad antics. Stay tuned...

THE POLITICS OF CALIF. FARM-LABOR RELATIONS.

Editor's note: The Legislature sent Gov. Gray Davis(D) a package of farm/labor bills at the end of the session that are hot button issues with Latinos and organized labor, two key constituents in the Demo voter base. But the bills are also critical to growers across the State – a group Davis has courted for years. What will be the political impact of a veto or signature? Here's our analysis & commentary...

...There are actually three(3) bills dealing with farm/labor relations that are sitting on the governor's desk: SB 1736 (Burton); SB 1156 (Burton); and AB 2596 (Wesson) – the later being a clean-up bill to 1156. Most sources think Gov. Davis will wait until Sept. 30th before signing or killing these bills. And the best guess is that Senate Pres. John Burton's SB 1736 is DOA. This proposal requires binding

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arbitration between growers and labor (read that as the United Farm Workers – UFW) if the two sides can't reach agreement. Even Burton is sure that Gov. Davis will veto this legislation...

...The fallback bill is SB 1156 – also by Burton, but also supported strongly by the UFW. This bill calls for mandatory mediation when the two sides can't agree. And if mediation fails, SB 1156 requires the Calif. ALRB (Agriculture Labor Relations Board) to impose a settlement. Under 1156, if either side doesn't like the settlement, they can go to court. Seems reasonable, but growers still don't like it and believe there's no difference between arbitration and mediation. Hostility between the UFW and growers goes back 30 years and has not cooled off with the passage of time...

...But a Davis veto of SB 1156 isn't likely because this bill is considered very critical to Demo base voters: organized labor and Latino voters. It's no secret that Davis has problems with the Demo base, which is why our sources say he'll sign (rather than veto) 1156. To do otherwise would be to put his reelection in jeopardy...

...However, the politics of SB 1156 doesn't end with Davis. If the farmers/growers really wanted to get back at Davis and his Demo allies, they could use the back door. In other words, they might begin to seriously fund GOP State Sen. Bruce McPherson's campaign for LG. One of the many consultants who helped put the SB 1156 deal together was Richie Ross. He's very close to the UFW and is Lt. Gov. Cruz Bustamante's campaign consultant too. However, going after Cruz, while music to McPherson's ears, could just as easily backfire on growers because Bustamante is very popular in the Central Valley...

...FYI: Is there anything Davis can do which will satisfy CA ag should he sign 1156? Perhaps. The ALRB is now 3 members short of a full 5 member board. The ALRB is chaired by SMUD president Genevieve Shiroma, with labor attorney and former Deputy AG Gloria B. Barrios also on the board. Shiroma is viewed as a UFW supporter. If Davis were to appoint 3 new members to the ALRB who were even handed (in the view of growers), that might satisfy CA ag. Stay tuned...

THE PRICE OF CALPEEK WILL GO UP NEXT YEAR

Calpeek will raise its base price of \$90 in 2003. We've been through at least 6 postage rate hikes without increasing our base price. Beginning Jan. 1, 2003, a 1 year subscription will go up by \$5 to \$95. A 2 year subscription will be \$175. Stay tuned...

CAMPAIGN 2002: FLORIDA RESULTS MAY END UP HELPING GOV. GRAY DAVIS AND OTHER DEMOS.

Editor's note: Another huge election mess in Florida, as Demo attorney Bill McBride pulled an upset over former U.S. Atty. Gen. Janet Reno to win the FL gubernatorial nomination by 5,500 votes – thus winning the right to take on Gov. Jeb Bush(R) Nov. 5th. What does this mean in terms of Gov. Gray Davis of Calif. and other Demos? Here's our very brief analysis...

...Reno has now conceded defeat and has joined forces with McBride against Bush the Brother. McBride, who used the same campaign consultants as Gov. Gray Davis (Doak, Carrier & O'Donnell) came from 30 points down to beat Reno. And when the President's younger brother finally figured it out that McBride would be a tougher opponent on Nov. 5th than Reno, he took a page out of Davis' playbook by trying to bash McBride with a big negative tv buy. But the tactic backfired. The negative tv ads against McBride only increased McB's name ID and caused him to close the gap with Reno...

...McBride's win is great news for Davis and other Demos throughout the U.S. He's a new Demo, a war hero and an attorney with very deep pockets. In other words, he's the kind of Demo who can give Jeb Bush a real run in Florida. Overlooked in the aftermath of 2000 Florida voting fiasco was the fact that the Demos won an open U.S. Senate seat and made major inroads in the suburbs of Northern and Central Florida. Some insiders now think Florida is undergoing a major change – pushing this State to a strong lean Demo State IF the party nominates the right kind of candidate. Reno was the wrong candidate...

...With McBride as the Demo nominee for governor, the most obvious thing is that it puts Gov. Jeb Bush in jeopardy. And along with mounting pressure on Texas Gov. Rick Perry and NY Gov. George Pataki, the White House and the RNC might now have to devote more time and resources on these GOPers – thus relieving pressure on Davis and some other Demos...

...FYI: McBride's win was really amazing because he faced a tough time convincing the Demo base he was the guy. But when all the elements finally fell into place, McB had labor, Jewish voters, soccer moms and bubbas with pick up trucks – and a huge GOTV effort. This was no different than the playbook used by the New Jersey Demo establishment when they backed self-funding U.S. Sen. Jon Corzine in 2000. Stay tuned...

CAMPAIGN 2002: CALIFORNIA LEGISLATIVE RACES.

Editor's note: This week *Calpeek* will begin a series of updates on key Calif. Legislative contests. Here is Part I...

...In the State Senate, Demos hold 26 of the 40 seats, while in the State Assembly Demos control 50 of the 80 seats. It means that GOPers are basically non-players except on votes which require 2/3rd – such as the budget. And given the way both houses were reapportioned last year, the hot action has already taken place – in the March primary. In the Senate, sources say there's really only one seat up for grabs. In the Assembly, perhaps 5-6 seats are considered *in play*. Much of what happens Nov. 5th will depend on voter turnout. If turnout is fair to good, that could help Demos. If the turnout is awful (low), that might help GOPers in selected districts. Right now most sources say Demos have a chance to pick up perhaps 1-2 seats --- or they could lose that many in the Assembly. In any event, sources don't expect the Demos to get to 54 – that would be 2/3rds and would make the GOP total non-players...

☒ **12th SD** – This is the only CA Senate seat in play. It's an open seat which covers Monterey, San Benito, Madera, Stanislaus and Merced counties. The GOP nominated conservative Jeff Denham, while the Demos picked former Assemblyman Rusty Areias. On paper, Areias might seem to be stronger: experience; moderate Demo; lots of local endorsements. But it would be a big mistake to short change Denham. He pulled an upset to win the primary, beating former Assemblyman Peter Frusetta. And Denham will be well funded – because Senate GOP Leader Jim Brulte does not have other races to cover. A *Calpeek* source estimates that by the time everything is added up (including independent expenditures), the Demos will have spent \$3-4 million vs. at least \$2 million for Denham. This particular SD has Demo registration of 46.21% vs. 39.58% for the GOP, with 10.37% DTS. However, the Demos have been very busy registering new voters: according to an Areias source, 45,000 new Demos! According to CA Demo Party sources, from 3/5 to 9/12 there has been a net increase in Demos of 14,560 vs. a drop of 11 for the GOP. Bottomline: the Demo registration edge went from 7 points up to 10 points...

☒ **15th AD** – This is perhaps the most exciting AD race in the 2002 cycle. The 15th AD is supposed to be a GOP seat, but the Demos think they have a shot. The GOP candidate is former Dublin Mayor Guy Houston, while the Demo is Contra Costa Co. Sup. Donna Gerber. If you thought Dublin was in the 15th AD you'd be mistaken. During reapportionment it was cut out – thus forcing Houston to move. This AD includes the eastern parts of Contra

Costa county + Alameda and parts of Sacramento and San Joaquin counties. GOP has a registration lead of 43.97% to 38.18% for the Demos. On paper, Houston should be a winner, but polling by Gerber (David Binder Research) showed this contest dead even: 36% each, with 28% undecided. This poll was taken in late July of 400 likely voters. Houston's getting some good law & order backing (Alameda Co. DSA, COPS). Gerber is a solid campaigner and an environmental champion. She's also pro-choice, which might help her in this particular AD. Houston is pro-life. In terms of issues, Houston has been hitting Gerber as being a *tax and spend Demo*. During the budget debate, Gerber favored rolling back the VLF tax rebates to help balance the budget and Houston hit her several times on this issue. However, Houston may have a problem of his own: An Aug. 30th headline in the Contra Costa Times reads: Houston Election Finances Disputed. He's accused of violating the campaign finance laws during the primary. Stay tuned...

CAMPAIGN 2002: UPDATE ON U.S. HOUSE CONTESTS.

Editor's note: Thanks to reapportionment, our sources believe there's really only one U.S. House seat which is competitive: the 18th CD in what used to be called *Condit Country*. However, there are some other battles which are interesting and we'll report them too. The current line up in Calif. is 31 Demos vs. 21 GOPers. Here's our update...

☒ **The Generic Battle for the U.S. House** – In the latest issue of *The Polling Report* (9/16/02) there are five generic match-ups between Demos & GOPers. Here's what they look like:

	<u>GOP</u>	<u>Demo</u>	<u>Undecided</u>
<i>Washington Post</i>	49%	41%	9%
NBC/WSJ	37	35	28
CNN/USA Today	43	46	11
<i>Newsweek</i>	45	40	15
<i>L.A. Times</i>	39	47	14

...The Washington Post, NBC/WSJ and the CNN/USA Today/Gallup poll were taken Sept. 2-6, while the *Newsweek* and *L.A. Times* surveys were taken in late August...

☒ **18th CD** – In this OPEN seat battle between Demo Assemblyman Dennis Cardoza and GOP State Sen. Dick Montieth, most sources still rate Cardoza the favorite. A Jim Moore poll taken in late July showed Cardoza leading by a 54% to 31% margin. But it's the new Demo registration drive in the area which is getting *Calpeek's* attention. According to the CA Demo Party, between 3/5 and 9/12, net registration is up by 16,204 new Demo voters vs. 1,358 for the GOP...

☒ **39th CD** – This is the new OPEN seat in Southeast L.A. Co. It was specially drawn for a Latino Demo candidate. In this case the winner was labor leader Linda Sanchez – sister of the U.S. Rep. Loretta Sanchez. The GOP nominee is businessman Tim Escobar. The Escobar campaign spin is that he's competitive with Sanchez. In a 1-on-1 poll, it's Sanchez 36% vs. 29% for Escobar vs. 10% for Libertarian Richard Newhouse and 23% undecided. Sample size 300 likely voters, 9/10 to 9/12 by R-T Nielson. A survey for Sanchez also shows Escobar in the high 20s (28%), but shows Sanchez at 49%, with Newhouse at 4% and undecided at 18%. This poll just came out of the field and was taken by Global Strategies. This same data had Davis ahead of Simon by 20 points in the 39th CD. Stay tuned...

CAMPAIGN 2002: PROPERTY TAX HIKE IN L.A. CO. TO SAVE 13 TRAUMA UNITS FACES A TOUGH BATTLE.

Editor's note: On a 3-2 vote in August, the L.A. Co. Board of Supervisors placed **Measure B** on the Nov. 5th ballot to raise property taxes by \$200 million in order to fund and save 13 trauma units scattered throughout L.A. County. It won't be easy because there is opposition and in order to win, Measure B needs a 2/3rds vote. Here's our update & analysis...

...Measure B not only keeps the 13 trauma care units in the countywide network open, but also provides funding to respond to biological & chemical terrorism. Given the U.S. War on Terrorism, it was probably smart of L.A. Co. Sup. Zev Yaroslavsky to add the *terrorism* part to this local initiative. The cost to keep the 13 units open amounts to about \$43 per household...

...The overall group backing Measure B goes by the name of Measure B Saves Lives Committee. No chairs just yet, but that will come soon. The cmt. has hired consultant Rick Taylor to run the campaign, with Mary Ellen Padilla as cmt. treasurer. Key B coalition members include SEIU Local 660, the State Council of SEIU, the L.A. Chamber of Commerce, the L.A. Hospital Assn. and the L.A. Co. Medical Assn. The committee hopes to have a substantial budget, meaning there may both tv and direct mail...

...When the county health department first put the trauma network together back in 1985 there were 22 units. Now it's down to 13. Sources say if B is defeated it's almost a given that the unit at UCLA/Harbor General closes almost immediately. "People will die if B is rejected," says Taylor...

...Opponents, including L.A. Co. Sup. Mike Antonovich,

the Howard Jarvis Taxpayers Assn., Dr. Tirso Del Junco, and businessmen Wesley Ru and Mel Wilson, as well as Gary C. Hill of Antelope Valley Hospital, say the funding problem is not the responsibility of county taxpayers, but is rather a State problem. "The state has mismanaged its budget and Measure B is asking you to foot the bill," the ballot argument Against B says in part. The argument also takes a shot at U.S. immigration policy: "People using the health care services are not paying for it..."

...NO on B forces argue that the county could cut other services and that the county health department knew the shortfall in funding was coming, but did nothing. The Howard Jarvis Taxpayers Assn. is more blunt: "We look at this as blackmail," referring to going after trauma care unit rather than other services. Stay tuned...

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ ***New Polling Data on Water Bond*** – The YES on 50 Cmt. has released polling data which greatly differs from that of the Field Poll. In last week's *Calpeek*, the Field Poll showed Prop. 50 (\$3.5 billion in water bonds) at 38% YES vs. 37% NO, with 25% undecided. That's almost dead even and NOT especially good news for YES on 50. But a YES on 50 survey by Fairbank, Maslin, Maullin shows Prop. 50 **leading** by a margin of 46% YES vs. 37% NO, with 17% undecided. The FMM poll was taken Aug. 23-25 among 900 likely voters. On a "push" question, YES on 50 scores 67%...

CALPEEK's NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We've got a ton of these announcements...

● A sad note: Alameda Mayor Ralph Appezato, 67, who had been battling prostate cancer, took his own life on Sept. 16th at his home. R.I.P...

● John Martini is the new Executive Director of the CA Indep. Petroleum Assn. (CIPA). He replaces longtime CIPA E.D. Dan Kramer, who will head up the new Sacto office of Nichols-Dezenhall PR...

● Laurie L. Goldman has departed the Central City Assn. to become VP of development for Century Housing & Century/LIFT in Culver City. (310)642-2095...